# Australia and New Zealand wine: International and domestic opportunities


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Australia and New Zealand are **two of the world's best-known wine-producing countries**. While they benefit from considerable popularity among domestic consumers, export markets such as Vietnam, South Korea, and Germany offer ample room for growth. **James Phillips**, Client Solutions Director, ANZ draws on CGA's OPUS data to **explore how Australian and New Zealand wine brands can succeed internationally** while touching on the domestic markets' untapped potential.

CGA research tools paint a vivid and **constantly expanding global wine market.** Such vibrancy represents an exciting opportunity for the Australian and New Zealander wine industries to **expand their reach beyond domestic borders.**

CGA's latest OPUS data, crowns Italy as the market with the most consumers who drink wine in the On Premise, with **45% of Italian consumers choosing wine when out.** But positive levels of consumers who drink the category are registered across the globe – particularly in Australia and New Zealand, as well as a number of key European wine-making and consuming countries. Some of these markets however, show challenging degrees of acceptance of foreign wine, especially those with solid wine-making heritage. Mediterranean regions – France, Spain, and Italy, for instance – are generally **more reluctant to welcoming imported wine**, even more so when originating from New World countries.

Britain, Germany, and some Asian markets on the other hand are less hesitant to embrace imported wine, therefore offering the greatest market potential for New Zealand and Australian wine brands. Furthermore, CGA data show that in Asian countries such as Vietnam and South Korea there are **fewer consumers who drink wine,** yet at the same time boast the **highest proportion of consumers who**

**45%** of Italian consumers choose Wine when out

**are upping their wine consumption**. This suggests that their wine market might be **due to experience noticeable growth over the coming years.**

Indeed, while 21% of Vietnam's On Premise users consume wine, just under **40% claim that they drink it more frequently than a year ago.** Similarly in South Korea, 17% of users are wine consumers, but almost **one in four has been imbibing more of it over the past 12 months.**

## Varied demographics

Australian and New Zealand wine's domestic market tends to be dominated by older residents of suburban and rural areas. In Australia, **67% of wine drinkers are over 35, with a large percentage – 21% of the total – being over 65.** The figures increase dramatically once consumers of domestic and Kiwi wine are singled out, as up to **43% are over 65 while just around 15% below the age of 35.**

Consumption of domestic and Australian wine in New Zealand is even more markedly defined by the older demographic, as up to 54.4% of drinkers are over 65. Britain and Germany are showing similar demographic trends, and while this segment represents a small proportion of consumers, there still remains opportunities to engage them into the category across anglophone and European markets. In Vietnam on the other hand, **Australian and New Zealand wine consumers are disproportionately younger** (77.1% and 85.6% respectively). Remarkably, **22.4% of wine drinkers in New Zealand are below the age of 24**. Meanwhile, **South Korean wine drinkers are generally middle-aged urbanites.**

Income and average spend in the On Premise differ across markets too. In Australia, wine drinkers' personal income and expenditures are lower than the average consumer, likely reflected by the lower cost of domestic wine when compared to imported labels. Conversely, income and monthly spending tends to be higher in Britain, in Germany, and in South Korea too.

## ... and varied interactions

Wine drinking occasions are generally uniform across these markets, with imbibers tending to favour the late afternoon or evening hours. Looking at local eating behaviours and cuisines to tap into **the dining occasion might turn into a potentially lucrative export strategy.**

Unlike time of consumption however, consumers' motivations to interact and engage with the wine category diverge considerably across markets. **When out of home, the average Australian, New Zealander, and British drinkers order wine mainly to enjoy themselves, to relax, and to socialise with peers.** Meanwhile, around 30% understand wine as a treat or as something that should be savoured.

**30%**
of Australian, New Zealander, and British wine drinkers see Wine as a treat

In Germany, savouring and treating themselves are key elements of the wine-drinking experience. These factors play a role in other markets too, yet nearly **29% of South Koreans also look at wine as a celebratory drink, while 20% order it to energise** – all elements that can be integrated into a brand's strategy to tailor communication and advertising to this vibrant, growing market.

To succeed in the export market, brands should be prepared to supply wines with wide ranging price tags. **Vietnamese and New Zealander On Premise consumers, are keen on premium bottlings.** Between 12% and 15% of Australians look for mid-priced range wines of between AU$20-$35. Similarly, about 60% of South Korean consumers spend between ₩4,000 and ₩15,000 (AU$4.65-$17.40) on a single glass of wine, yet a significant 19.1% is willing to pay upwards of ₩20,000 (AU$23.20) per serve.

**In Australia and New Zealand, consumers are particularly price-sensitive, as around 40% look for bottles that they feel are worth the cost.** At the same time however, **over one out of four are primarily interested in the liquid's perceived quality**, while some rely on the reassuring effect of familiar brands.

**40%** of Australian and New Zealand consumers look for bottles they feel are worth the cost

Value for money is of paramount importance across export markets too, but Vietnamese and South Korean consumers are more inclined to trust the name on the label: **up to 30% choose wine based on the varietals perceived quality and reputation.** While this might represent a challenge for lesser-known wines, it can turn into an opportunity when targeting the large share of consumers who trust staff, menu, or peer recommendations – particularly in Vietnam, where **27% of On Premise users trust their friends' advice.**

**1 in 4 Australian and New Zealand consumers are primarily interested in quality of the Wine**

## A matter of style

Most wine drinkers consume both red and white wine, but suppliers should be aware of regional tendencies. **British On Premise users display a slight predilection for white wine, with 60% choosing it as opposed to 50% red, and 38% rosé.** Rose wine displays comparable levels of acceptance in Germany, but red and white are more uniformly consumed. On the other hand, the South Korean market is characterised by a marked inclination towards red – with **nearly 74% of people drinking it as opposed to a smaller yet significant 58% ordering white wine.**

If compared to the wine's colour, drinkers are significantly more selective when it comes to grape varieties. Around **25% of Australian and New Zealander On Premise users look at the grape variety when ordering wine** and, 27% in Vietnam. There, some of the most popular are Sauvingon Blanc and Chardonnay for the whites, Merlot and Tempranillo for the reds.

In countries that are still relatively unaccustomed to Australian and New Zealand wine (ranking 5th and 9th respectively in Vietnam, 7th and 11th in Germany, and 6th and 9th in South Korea), **a deep understanding of grape variety trends is paramount to develop efficient sales strategies.** Providing consumers with varieties they can resonate with can help them familiarise with lesser-known wine regions, and generate sufficient brand trust to lure them into different wine styles further down the line.

## Looking inward

To further complicate export challenges, **a wine's origin often affects consumers' decision-making process.** It is a key factor for **36% of drinkers in Germany; for around one out of five in Vietnam, South Korea, and in Britain; rising to a quarter of all drinkers in Australia and New Zealand, where consumers show considerable thirst for domestic wine.**

Indeed, while exports show ample potential, the domestic market displays margins for growth too, and should not be neglected as a result. **43% of all Australian On Premise users choose wine** – one in four of them are consuming wine more frequently than a year ago, and 63% about the same. **Similarly in New Zealand, almost 18% have increased their wine consumption over the past 12 months.**

There, new brands may be introduced through carefully designed by-the-glass programmes as, compared to European and Asian markets such as Britain, Italy, Spain and Vietnam, Australian and New Zealand consumers are more keen on by the glass than by the bottle consumption. Three out of four Australians order by the glass, while only 40% choose bottles. In New Zealand, over 80% opt for single serves, and a mere 30% are inclined to order a bottle. Not only does Australian and New Zealander drinkers' **bias towards by the glass consumption provide brands with ample opportunities to introduce new labels**, but the relative affordability of **single serves may also motivate people to trade up more easily too.**

**CGA's OPUS** research provides a rich resource of data and insights that helps manufacturers, suppliers and operators answer category, channel, occasion, and brand questions, and optimise sales and marketing strategies across the On Premise industry in a variety of markets such as Australia, New Zealand, Vietnam, South Korea, Germany, and Great Britain.


CGA by NIQ's **On Premise Wine Report** uses OPUS data to delve into the opportunities of the Wine category in the On Premise. Tailored to answer the most frequently asked questions and assessing the **impact of the latest trends around On Premise Wine**, the report is a must for any supplier, operator or manufacturer looking to understand the changing subtleties of the Australian out-of-home wine sector for success in 2023 and beyond.

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